

IN THE UNITED STATES BANKRUPTCY COURT  
FOR THE DISTRICT OF PUERTO RICO

In the matter of:

AUTOS VEGA, INC., a/k/a  
SAN JUAN LINCOLN d/b/a/  
ADVERTISING PLUS

CASE NO.: 11-05773 (SEK)

Chapter 11

Debtor in possession.

**DEBTOR'S REPORT IN PREPARATION FOR SEPTEMBER 22, 2011**  
**STATUS CONFERENCE**

TO THE HONORABLE COURT:

COME NOW Autos Vega, Inc., a/k/a San Juan Lincoln, d/b/a Advertising Plus ("Autos Vega or Debtor"), as debtor-in-possession in the above captioned case, through its undersigned attorneys, and very respectfully submits the following report:

1. By order dated July 12, 2011, this Court scheduled a status conference to be held on September 22, 2011 at 9:00 a.m. (Docket No. 9).
2. In preparation thereof and in compliance with the order dated July 12, 2011, Debtor herein report as follows on the matters that will allow that this case be handled expeditiously and economically.

**BACKGROUND AND DESCRIPTION OF DEBTOR'S AFFAIRS**

3. On July 6, 2011, Debtor herein filed its voluntary petition for relief under the provisions of Chapter 11 of the Bankruptcy Code (Docket No. 1).
4. Since the filing of the petition, Debtor has been managing its affairs and operating its business as a debtor-in-possession, as provided for in 11 U.S.C. §§ 1107 and 1108.
5. The meeting of creditors scheduled pursuant to the provisions of 11 U.S.C. §341(a) was held and closed on August 25, 2011 (Dockets No. 4 and 45).

6. Debtor is a domestic corporation organized under the laws and regulations of the Commonwealth of Puerto Rico. Debtor's business consists of a car dealership engaged in the sale of new and used cars and trucks, automobile parts and accessories, and vehicle repairs and maintenance. Mr. Ramon Vega Diaz serves as President.

#### **REASONS FOR FILING THE PETITION**

7. Debtor's exposure to a judgment in the amount of \$4,389,989.73 entered in the case styled *Miguel A. Marrero, et als. vs. Autos Vega, Inc. and Euroclass Motors, Inc.*, Case Number KPE03-2815 before the Supreme Court of Puerto Rico, and Debtor's intended purpose of restructuring its obligations and operations to allow Debtor to assure the feasibility of its business as a going concern in order that new vehicle inventory can be purchased for sale.

8. Debtor seeks to establish a feasible plan to pay the outstanding debts with creditors, allowing it to maintain or improve its car dealership operations.

#### **FILING OF DISCLOSURE STATEMENT AND PLAN**

9. Debtor is not a Small Business debtor given the debt amounts detailed in this case.

10. To the extent allowed by the Court, Debtor intends to file the Disclosure Statement and Plan of Reorganization no later than November 3, 2011. Should an extension become necessary, the Debtor shall request such an extension in advance of the due date.

11. Establish the last date to file claims (bar date) – November 14, 2011, for other than governmental claims and January 4, 2012 for governmental entities.

12. Set a date by which Debtor shall solicit acceptances of a plan – Within fifteen (15) days from the approval of the adequacy of Debtor's disclosure statement.

13. Fix the scope and format of the notice to be provided regarding the hearing on approval of the Disclosure Statement – The order should provide the date and time of the hearing on the approval of the adequacy of the Disclosure Statement, that the Plan and Disclosure Statement will be mailed with the notice of the hearing only to Debtor, the United

States Trustee, any creditors committee and any party in interest who requests in writing a copy of the disclosure statement or plan, and that objections to the disclosure statement are to be filed and served on Debtor, the United States Trustee and any creditors committee not later than ten (10) days prior to the hearing on the approval of the Disclosure Statement.

#### **ESTIMATED PROFESSIONAL FEES**

14. Due to the size of Debtor's operation and unanticipated legal issues, the Debtor estimates that the accrual of professional fees related to this bankruptcy case will be from \$150,000 to \$200,000.

15. In addition, there may be a need for the appointment of an external auditor (CPA) to comply with the filing of corporate income tax returns and year end reports for the fiscal year ended on September 30, 2011. The anticipated estimated fee of the external auditor approximates the total amount of \$14,500.

#### **ANTICIPATED SIGNIFICANT EVENTS**

16. At this time there are no significant anticipated events. It will all depend on the ongoing negotiations with creditors that any additional litigation related to this case may arise.

17. At this time, we do not foresee any need for future status conferences.

WHEREFORE, it is respectfully requested that the Court accepts the preceding report in compliance with its order of July 12, 2011.

CERTIFICATE OF SERVICE: We hereby certify that on this same date, we electronically filed the foregoing with the Clerk of the Court using the CM/ECF system, which will send notification of such filing to the U.S. Trustee, and all participants of CM/ECF system.

RESPECTFULLY SUBMITTED.

In San Juan, Puerto Rico, this 21<sup>st</sup> day of September, 2011.

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